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SEPTEMBER 1, 1991
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RB

RESTAURANT BUSINESS

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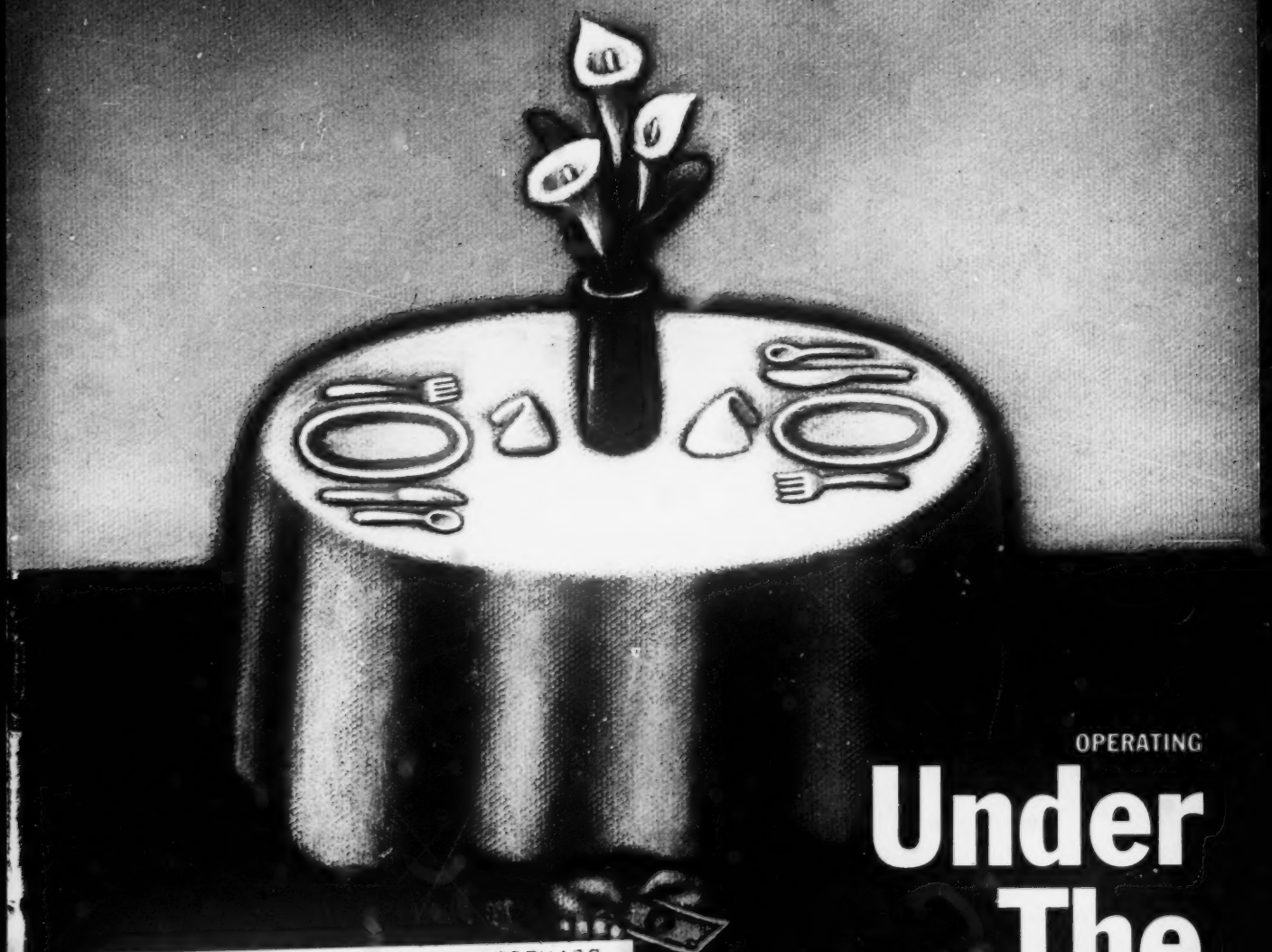

OPERATING

Under The Table

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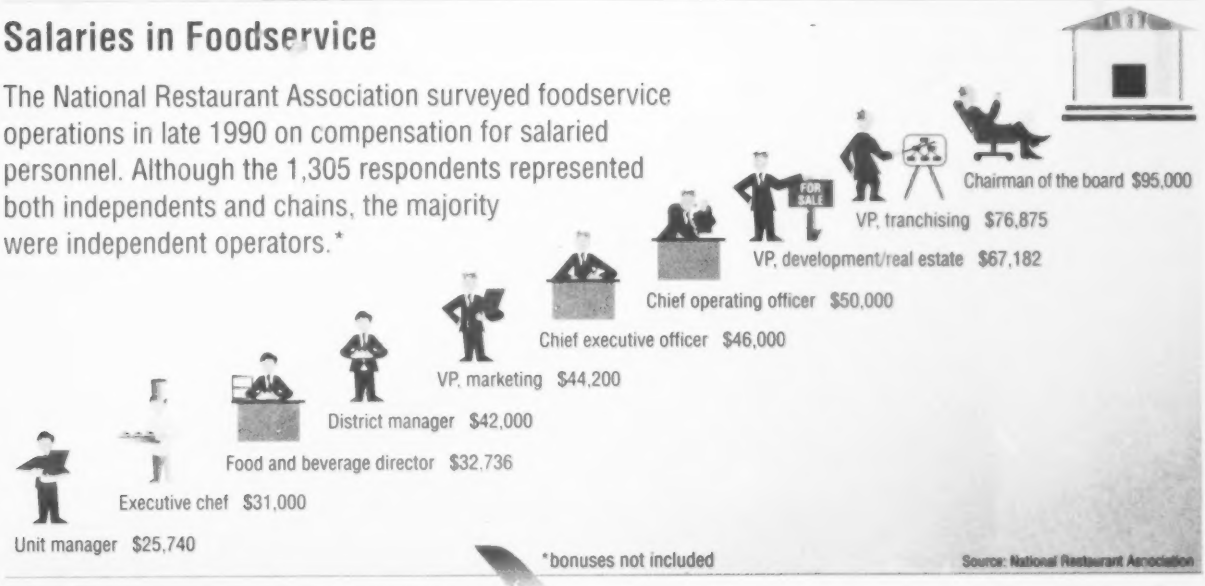
BUSINESS BAROMETER

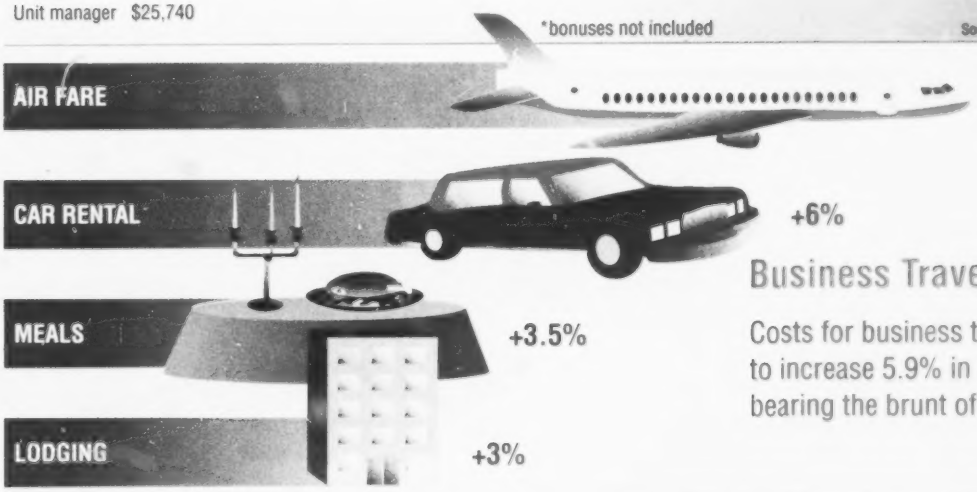
Salaries in Foodservice

The National Restaurant Association surveyed foodservice operations in late 1990 on compensation for salaried personnel. Although the 1,305 respondents represented both independents and chains, the majority were independent operators.*



*bonuses not included

Source: National Restaurant Association



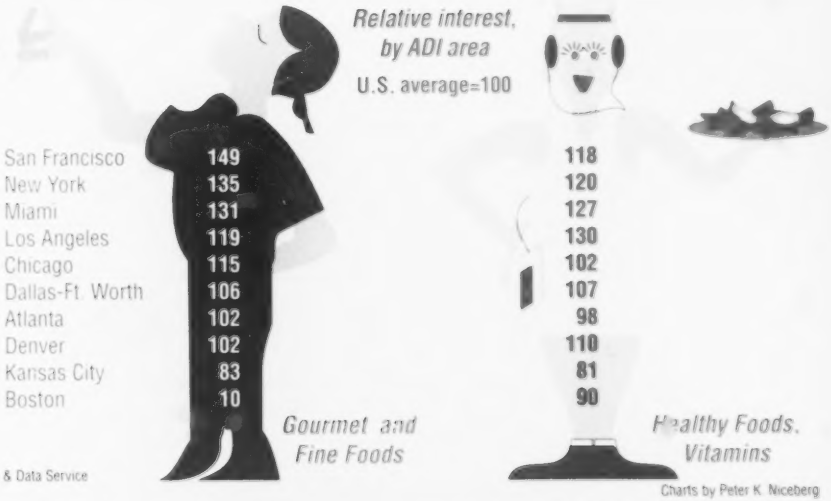
Business Travel Costs

Costs for business travel are expected to increase 5.9% in 1992, with air fares bearing the brunt of the expected jump.

Source: Runzheimer International

Where the Foodies Live

Regional and local variations exist in lifestyles, ethnicity, and other "psychographic" factors that can influence the acceptance of a product or service, marketers believe. Data here gauges interest in gourmet and health foods.



Source: Marketsense, The Lifestyle Market Analyst, Standard Rate & Data Service

Charts by Peter K. Niceberg

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Cover illustration by Jere Smith

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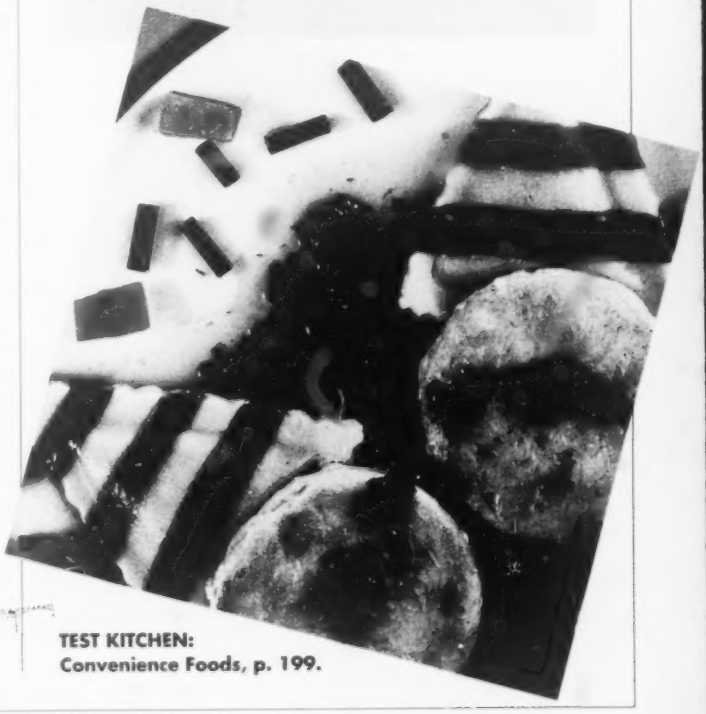
IN THE NEXT ISSUE

COVER STORY 24th ANNUAL RESTAURANT GROWTH INDEX. For almost a quarter of a century, *RB's* annual Restaurant Growth Index (RGI) has served as the barometer of industry activity. Indeed, the RGI comprises the foodservice industry's most comprehensive tool for evaluating segment and geographic potential. As in past years, *RB* presents the RGI in two parts. Part I includes exclusive trend studies of the eight major market segments. Part II, the Metro and ADI Report, encompasses sales and demographic profiles.

SPECIAL REPORT THE IMPACT OF IMMIGRATION. With the recent crackdown on illegal aliens and tougher immigration laws on the books, the pool of available workers is shrinking. With this report, *RB* provides an update on current legislation and a roundup of states and operators who have been hardest hit.

DRAFTS, CARAFES SPARKLING WINES THAT SELL. Operators can put a pop in their profits by promoting sparkling wines of all sorts. Champagne is the standard special-occasion drink, but bubbly libations from all countries can serve as a lower cost alternative, without sacrificing quality.



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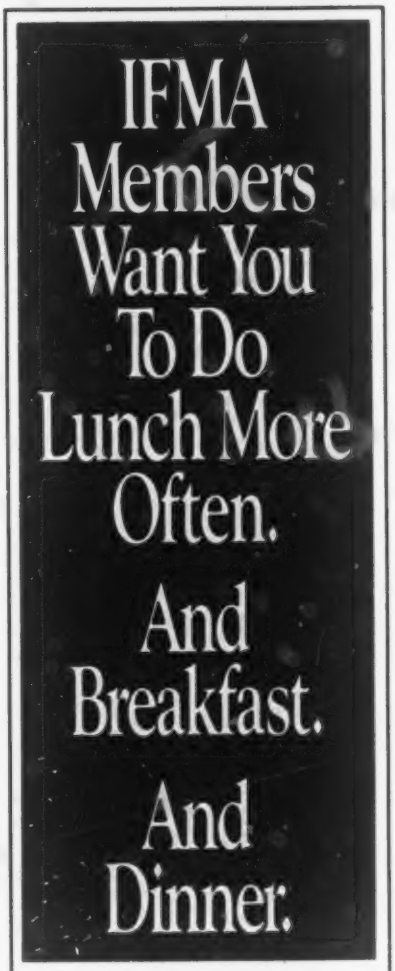

Helping you build your business is what IFMA is all about. COEX, the annual Chain Operators Exchange, provides a forum where manufacturers and operators learn and grow together. IFMA's Foodservice Institute at Notre Dame teaches manufacturers' salespeople how to better meet operator needs. Member sponsored research provides operators with invaluable forecasting and planning information.

Manufacturers, you can join IFMA. Operators, you can find out what the IFMA commitment means to you. Call or write: Scott Schiave, IFMA, 321 N. Clark St., Suite 2900, Chicago, IL 60610/(312) 644-8989.

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Disabilities Act: Experts Advise Industry "Be Prepared"

Restaurateurs will need to follow the scout motto, "be prepared," as the enactment deadlines for the Americans with Disabilities Act (ADA) approaches.

"It's an overwhelming piece of legislation with a cagey set of regulations," says Elaine Graham, director of federal relations for the National Restaurant Association (NRA). "We won't really know how it will affect restaurateurs until a problem arises," she adds.

The first deadline, for public accommodations, is January 26, 1992. That means restaurateurs must have made major alterations to any existing facility to make it readily accessible to individuals with disabilities.

However, there is some breathing room since the ADA states that removing physical barriers to ensure accessibility must be "readily achievable and should not cause undue burden."

"Cost, of course, is a major consideration. I encourage restaurant operators to be creative. Instead of removing carpet, they can install runners over carpet to make it more accessible for wheelchairs," advises Sandra Wall, who specializes in franchising and corporate law for the national law firm Rudnick & Wolfe.

Wall also suggests that employers figure out where barriers may exist.

ADA's public accommodations requirements concerning new construction will go into effect after January 26, 1993. Many observers say this requirement may redefine some businesses, such as kiosks. "The reason these operations are profitable is because they are small and are therefore cheap. But because of their smallness, they aren't always accessible to wheelchairs," says Wall.

ON THE ROAD. Some 35 Shoney's trucks took to the roads this summer sporting new breakfast ads on their panels.

The ADA also prohibits discrimination for the employment of the disabled. This part of the legislation is probably going to make establishments particularly vulnerable to lawsuits, according to Mark L. Shapiro, who is also a partner at Rudnick & Wolfe.

Deadlines for ADA's provisions are July 26, 1992 for establishments with 25 or more employees and July 26, 1994 for establishments with 15 or more employees. That includes both full- and part-time workers.

"The language of the ADA concerning employment is broad and is causing a lot of confusion," says Shapiro. It won't be until a number of cases are processed through the courts that the requirements will be narrowed and refined, he adds.–**Lori Barker**

continued on page 18

Holy Cow! Steakhouse Bovines Beheaded

Where's the beef? That's what Braintree, MA's Hilltop Steakhouse owners wanted to know when they arrived one Sunday morning in July to find their prized herd of fiberglass cattle beheaded. As a prank, four local youths had sawed off the heifers' heads, and by afternoon all of Boston seemed to be looking for them.

As journalists took to the cause, one head surfaced at the *Boston Herald*, and another one was turned in to a local radio station. "The disc jockey really milked this one," says Hilltop vice president Gerard Gillis. The cattle rustlers must have been mooved, too, since they contacted him to negotiate amnesty.

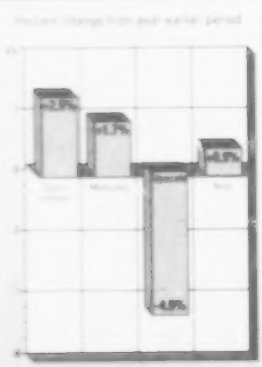
A police officer tries on a retrieved head for size.

The 400-seat Braintree Hilltop opened in March. The original restaurant is in Saugus, MA. "The herd had become a kind of local landmark," says Gillis, "so we had the cows made for our new operation, too."

The incident wasn't the first time Hilltop's sacred cows were tampered with. About 12 years ago, some Massachusetts Institute of Technology students removed one whole cow and hoisted it up on a campus building. "Since then, we had them cemented into the ground," said Gillis.

Thankful to have his heads back, Gillis is worried that the herd might still turn into a bunch of bum steers. "Do you know how hard it is to put fiberglass together again?" he asks. "They might never be the same."–**Diane Kochilas**

Restaurant Expenditures, Spring Quarter



Consumer spending in restaurants remained flat in the spring quarter, 1991. The upscale segment was especially hard hit.

SOURCE: NPD Research, CREST Service

Trendy Ethnic Hits Cincinnati

Cincinnati is said to be a conservative meat and potatoes town. But you can't prove it by some of the new casual, ethnic restaurants that have opened recently.

Operators are enlivening the oft-maligned Cincinnati market with culinary styles as diverse as Tex-Mex, Brazilian-Caribbean, Jewish-Italian, and even ancient-Roman cuisine.

Many of the new restaurants are opening in city neighborhoods as well as the suburbs, bypassing Cincinnati's restaurant-crowded Ohio River waterfront.

Chef Elliot Jablonsky, for one, has found a receptive audience in north suburban Madeira for Cactus Pear, a contemporary Tex-Mex restaurant. "We're seeing tons of repeat customers, which is encouraging," says Jablonsky. The 160-seat restaurant has a $17 check average and averages 1,200 covers per week.

In addition, Jablonsky recently teamed with chef Tim Brater to open Cable House Italian Grill in a warehouse neighborhood near downtown Cincinnati that is undergoing renovation. The menu highlights grilled items such as breast of chicken with artichokes; veal tenderloin with peppers and gorgonzola; and pork chops with figs. It also offers "an Italian sushi bar," says Brater, that has antipasto items such as roasted peppers, grilled eggplant, fresh mozzarella, marinated artichokes, and salami.

Meanwhile, veteran Cincinnati restaurateur Carl Bruggemeier opened Ciao Baby Cucina earlier this year in the north suburban town of Montgomery. He expects the Italian trattoria will hit $1.6 million in first-year gross sales, exceeding his original projections of $1 million.

Undoubtedly the most unusual item at Ciao Baby is *costolette di maiale cavallo* Trojan, or pork chop Trojan Horse, developed after researching the millennia-old cooking of the Roman Empire. It is a double-cut chop stuffed with quail, smoked oysters, and prosciutto and braised in white Port with porcini and morels.

"When a Roman Senator was honored, the cooks would roast a suckling pig stuffed with oysters and live quail, hence the name Trojan Horse," says Bruggemeier. "At Ciao Baby, we do it with a 1991 twist."

Next door to Ciao Baby, Bruggemeier plans to open Vito Goldberg & Sons, a gourmet take-out market that combines Italian and Kosher-style deli. "It will be run by a nice Jewish guy who has an Italian mother," he says.

Other additions to Cincinnati's ethnic scene over the past year include Prima Vista, an elegant Italian dining spot featuring panoramic views of downtown and the riverfront; Archipelago, serving Japanese, Thai, and Malaysian dishes; and Pigalls Cafe, formerly a continental restaurant which was downscaled into a moderately-priced country French bistro.–**Michael Brown**

Carl Bruggemeier (above), chef/owner of Ciao Baby Cucina, is in the vanguard of Cincinnati's restaurant renaissance.

Too noisy? The Lighthouse Cafe doesn't agree.

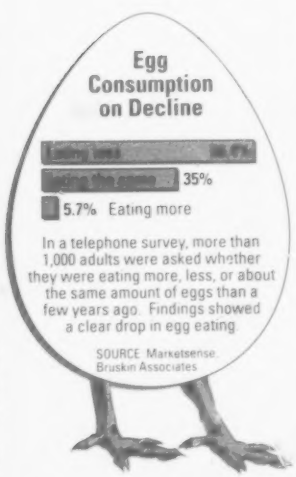

Egg Consumption on Decline
35%
5.7% Eating more
In a telephone survey, more than 1,000 adults were asked whether they were eating more, less, or about the same amount of eggs than a few years ago. Findings showed a clear drop in egg eating.
SOURCE: Marketsense, Bruskin Associates

CHART BY SHARI FATJO

Food Courts: Sales Plunge

Food courts were the darlings of the foodservice industry last year. That was when the annual Food Court Survey by the CarlsonReport showed a 24% increase in U.S. food-court sales in 1989. But no more.

The 1991 Food Court Survey shows overall food-court sales declined 4.5% in 1990. Adjusted for inflation, that's a 9.4% drop.

Still, some food categories fared better than others. Oriental, for example, posted sales increases of 33.4% while Mexican showed a 19% gain.

Biggest sales losers were hot dogs (down 27.8%), chicken (down 22.7%), barbecue (down 19.9%), and ice cream (down 18.9%).–**Marilyn Alva**

When the Music Stops

The 40-year-old Lighthouse Cafe in Hermosa Beach, CA, is fighting for its life.

Owner Paul Hennessey contends he may be forced to close the well-known jazz club because of new zoning rules imposed by the city council that restrict its hours of operation. The restrictions were made because of local-resident complaints about noise levels.

"We're good citizens, and we do a lot of fund-raisers here for local charities," says Hennessey, who also owns and operates eight Hennessey's Pubs. He says he is pursuing legal action to lift the ban.

–**Kevin Farrell**

continued on page 42

MARKET SEGMENT REPORT

BAKERY

1990 U.S. bakery sales reached $50.9 billion.

By Carol Casper

The bakery segment today provides a study in contrasting trends. On one hand, many struggling retail bakeries find they must expand beyond traditional baked goods into new lines and services, like deli and catering, in order to survive. Some specialty concepts, too, feel pressed to broaden their offerings to meet rising rents and competition.

On the other hand, some of the strongest sales last year were posted by highly specialized, one-item purveyors of cookies, buns, or other snack products.

Another confusing picture arises as one looks at the healthy food trend. Consumers are demanding healthier, more nutritious, lower-calorie, and lower-fat foods. In response, retail bakeries, restaurants, and manufacturers are developing an array of alternatives. Some of these products have done well at the supermarket. Yet, many bakeries and restaurants report that when they offer lighter, healthier choices, they don't sell.

THE SPLURGE FACTOR. "People are more careful at home but when they eat out, even casually, they don't watch as much," observes Glenn Powell, director of food development for Atlanta's Peasant Restaurants. "Or they may be careful with their entree, choosing a light fish or chicken dish, but then they splurge. If they're going to eat dessert, they don't want a bowl of strawberries. They want something gooey and rich—and they eat the whole thing, too."

Yet again, "light, healthy, natural" menus emphasizing salads and sandwiches on whole-grain breads are spelling success for some bakery/cafes.

One thing that seems clear throughout this variegated picture is that baked goods of all kinds are in the spotlight. The "renaissance in baking" hailed last year by Edward Bradley, baking and pastry instructor at the Culinary Institute of America, Hyde Park, NY, marches on.

Total U.S. bakery sales rose from about $48.26 billion in 1989 to $50.94 billion in 1990, and are projected to reach $52.93 billion in 1991, reports *Bakery Production and Marketing* magazine.

A large part of recent growth

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Atlanta-based The Peasant Restaurants serve homemade American desserts like Chocolate Cream Pie and Strawberry Shortcake.

MARKET SEGMENT REPORT

BAKERY

has been fueled by the explosion of in-store supermarket operations. They have put a squeeze on neighborhood bakers. Even so, independent retail bakeries surprised everyone last year by increasing sales more than 10% to $6.33 billion, far surpassing forecasts made the previous year.

Among foodservice operations, sales of baked goods rose roughly 5% in 1990, to $8.68 billion. That figure is expected to inch up further this year, according to *Bakery Production and Marketing*'s "Bakery Trends 91" report.

Savvy restaurant operators have long known that an inviting basket of fresh, warm breads, rolls, and other treats to start a meal, and a scrumptious dessert to end it, make wonderful first and last impressions.

HIGH-IMPACT EXTRAS. General Foods' Orlando, FL-based Red Lobster, for example, recently introduced unlimited cheese garlic bread served hot from the pan. "We did a lot of research before adding the new bread service," vice president, public relations, Dick Monroe notes. "It showed that one of the extra touches customers appreciate most is fresh hot bread."

Customers still love to splurge on desserts.

Similarly, Quincy's Family Steakhouses, Spartanburg, SC, prominently features a signature fresh-baked yeast roll in its advertising; and a highlight for many customers of Woburn, MA-based Bertucci's Brick Oven Pizzerias are the fresh rolls baked in its wood-burning ovens.

Among bakery operations, diversity seems to be the name of the game for most players. Several major donut operations have gone this route.

A recent TV ad for giant Dunkin' Donuts proclaims, "There's more to life than just donuts." The commercial highlights its muffins, brownies, cookies, and bagels—although it also says, "We hope you heard us, because we don't want to say that again."

The Randolph, MA-based chain completed its bagel roll-out in the last year. It also offers sandwiches on fresh-baked kaiser rolls, on croissants, and soup and sandwich combos. "However," senior vice president of marketing Sidney Feltenstein Jr. points out, "our strongest marketing focus is not on new products as much as on escalating distribution of existing core products through more outlets."

In the past few years, the company has built a system of branded distribution for its donuts and muffins through convenience stores. These outlets now number 3,600 and the firm hopes to continue the expansion.

A franchise arrangement with Marriott Corp. to operate outlets on toll roads and in airports is also growing, and Dunkin' Donuts is experimenting with other companies as well, Feltenstein says. "We've had a strategy in place relative to accelerating distribution that has enabled us to build strong sales and profitability in the face of a troubled market," he points out.

At the same time, the premier donut-maker continues to add more stores. It opened 207 units in the U.S. alone last year and expects to top that number in '91. In all, there are more than 2,000 Dunkin' Donuts, including 250 outside the U.S.

The company is also growing through conversions of Mister Donut stores, following that chain's purchase by Allied-Lyons PLC just a few weeks after Dunkin' Donuts was acquired by the London-based firm in December 1989.

T.J. Cinnamons' cinnacone holds several mini rolls for snacking in the malls.

Although Mister Donut has moved its headquarters from Minneapolis to Randolph, the two chains operate separately and changes of affiliation are up to the franchisees, Feltenstein says. With average post-conversion store sales up 50%, "Franchisees are favorably inclined," he adds.

"So far we've converted about 50 of approximately 500 units, but we have many more commitments." Dunkin' Donuts' sales topped $1 billion last year.

VARIETY. Winchell's in La Mirada, CA, also appears to be going the variety route. Company officials announced earlier this year that most of its 500-plus stores will eventually be converted to a new concept called Winchell's 'N' More, with an expanded menu featuring sandwiches and frozen yogurt. Four such stores opened last year. Since that announcement, however, the company's top management has been replaced, and none of the new officials could be reached for comment.

Another California-based chain, Donut Inn of Woodland Hills, like Dunkin' Donuts is developing a variety of distribution channels. Management differentiates between producing stores and all other outlets.

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MARKET SEGMENT REPORT

BAKERY

The latter include Donut Inn satellite stores and branded displays in c-stores and supermarkets.

The company expanded from 36 producing stores at the end of 1990 to almost 50 at mid-year. Total retail outlets number over 100, Stephen Blum, vice president, marketing, notes. Donut Inn is selling its company stores to franchisees and seeking new franchisees. "We expect to expand into six states outside California by the end of the year, and two foreign countries," Blum says.

Beside donuts, the chain markets a variety of pastries, muffins, cookies, bagels, croissants, and stuffed croissant sandwiches. In some markets it is also adding cappuccino and espresso.

While donut shops have been a fixture on the American landscape for years, other types of specialized bakery operations made their biggest splash in the last decade. They include cookie shops, cinnamon roll stores, and muffin shops, all of which at one point seemed to be popping up like popovers. As times have toughened, this segment has undergone a shake-out that may not be over. Half a dozen companies mentioned in *RB's* 1988 bakery market segment report have disappeared or the franchisors have folded, leaving former franchisees on their own.

Many of the survivors have scaled back, weeding out unprofitable locations and tightening operations to secure a firmer base to grow from.

T.J. Cinnamons, for example, which once topped 200 units, ended 1990 with just 138 stores. Systemwide sales for the mostly franchised, Kansas City, MO-based chain totalled $35 million, compared to a high of $50 million a few years ago.

"The problems we had were those of a lot of companies with rapid growth," says president William Teel. "We started growing very quickly and had difficulties managing."

REGROUPED. "Since then we've stepped back, caught our breath, and regrouped," adds Teel. "We closed a number of units in 1989, but last year just a couple, and we opened a couple."

Some temptations from The Original Great American Chocolate Chip Cookie Co.

This year the chain plans to open seven to 10 new stores. In its rush to growth, Teel says, the company developed some weak locations, but has now become more selective.

T.J. Cinnamons sites are fairly evenly split between shopping malls and specialty strip centers. There is also one supermarket unit.

Some one-item bakery chains are diversifying.

The chain expanded from just cinnamon rolls to other bakery items several years ago and is continuing to broaden its offerings. They include muffins, cookies, a number of filled croissants, new strudel sticks, and most recently, bagels.

The company is also trying lunch items in a few stores on a limited basis. For the present, however, it will continue to focus on baked goods.

Cinnamon rolls are still its signature and strength, generating over 50% of sales. They include the original 8-oz. version and a cinnamon-pecan sticky bun, as well as other varieties on a rotating basis. In addition, there are 2-oz. petite rolls in packs of six and 12, two-bite "mini cinnis" in 12- and 24-packs, and a "cinnacone"—a snow cone cup filled with five "mini cinni's" designed for walk-around snacking.

Seattle-based Cinnabon, on the other hand, has held onto the top spot among cinnamon roll purveyors by continuing to concentrate on its single specialty.

It has already opened 10 units this year for a total of 149 and expects at least three more openings by year's end. Systemwide sales are conservatively projected to hit $50 million in '91.

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WHERE THE DOUGH IS

Bakery Segment	1990 Units	1990 Sales (in billions)	1991 Units	1991 Sales (in billions)
Retail	22,200*[1]	$ 6.33	22,600*[1]	$ 6.71
In-Store	23,007	$ 7.93	23,423	$ 8.32
Wholesale	2,562[3]	$28.0[3]	2,636[3]	$29.12[3]
Foodservice	207,681[2]	$ 8.68*	209,550*[2]	$ 8.78*
Total Sales		$50.94		$52.93

1 Individual retail units
2 Projected number foodservice units baking on-premise or receiving product from dedicated commissaries
3 Wholesale includes bread/cake, cookie/cracker, and frozen bakery
*Revised estimate

SOURCE: Bakery Production and Marketing, U.S. Commerce Dept., Food Marketing Institute, National Restaurant Association

CHARTS BY SHAN FANG

A subsidiary of Restaurants Unlimited, Cinnabon operates in 28 states and four Canadian provinces. Its highest concentrations are on the West Coast, in the Midwest, and the Philadelphia/Washington area. Just over half its units are franchised.

"Future growth areas will depend mainly on our licensees," notes Gary Merritt, director of marketing. Unlike many specialty bakeries that are geared toward individual owner/operators, Cinnabon primarily franchises territories to multiunit developers.

Most locations are in large regional shopping malls, Merritt adds, although one recently opened at the Detroit Metro airport, and some are in storefronts in or near office buildings.

CINNAMON ROLLS. Cinnabon believes it can continue to prosper by sticking strictly to its positioning as the "home of the ultimate cinnamon roll." The closest it has come to a departure is a caramel-pecan roll now in test, which will probably be rolled out systemwide in '92. Otherwise, stores sell a 9-oz. Classic and 4-oz. Minibon, plus specially roasted and blended coffee, hot chocolate, tea, and soft drinks.

Other chains keep focused on their specialties.

The company has concentrated on developing take-home packs. Many stores are also doing a growing volume by catering office parties and meetings for nearby businesses.

Among smaller chains that have survived is Cindy's Cinnamon Rolls, Fallbrook, CA, with 40 franchised units, down from 52 two years ago. Like T.J. Cinnamons, the company has become more selective about locations, says president Tom Harris.

"We've found our best success is in major malls, not in strip centers," he notes. "The big draw for us is the smell of our fresh-baked product getting out into the mall to attract customers. You can't get that in a strip center."

Cindy's falls somewhere between the two leaders in terms of diversity. Cinnamon rolls contribute about 40% of sales. Other items include French puff pastries, chocolate-filled bear claws, muffins, and a different featured roll each quarter.

"We've found that staying focused is the best direction for us. We market our product as the best cinnamon roll anywhere. If you have too many products, you can't maintain that image," Harris comments.

The chain operates in 17 states with the heaviest concentration on the East Coast. Average volume per unit was $220,000 in 1990. "But as we've gotten more selective on sites, store sales are going up. One should do $600,000 this year," Harris says.

Credited as the model for several cinnamon roll concepts, Mrs. Powell's Delicious Cinnamon Rolls has undergone changes of ownership and direction since its founding in Idaho Falls, ID, by Dick and Gail Powell. Two years ago, the Powells sold the concept to Boston businessman Peter Scaccia, who retains a passive role but passed the majority interest on to a new investor group in January '90.

Now based in Franklin, MA, the chain has grown to 57 franchised units and one company store. The chain's orientation has changed from cinnamon rolls to a "bakery/eatery" concept, adds president Jim Lennon, although just 40% of locations presently offer lunch. Some are prevented by their size or mall lease agreements, but all stores that can are adding soups, salads, and sandwiches. New breakfast items such as bagels and scones have also been added to the original line-up of cinnamon rolls, muffins, and in some units, fresh-baked breads.

In addition, Mrs. Powell's has signed agreements with David's Cookies and Swenson's Ice Cream to develop triple-trademark units. "With the way rents expanded in the '80s, we couldn't afford the locations we wanted selling just cinnamon rolls," Lennon comments. "For the future, we'll work at keeping the menu as expansive as we can. We will retain the cinnamon roll as a trademark, but we want to develop a fuller identity as an upscale bakery/eatery/cafe."

Among cookie stores, two of the

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strongest national presences have found success by staying extremely focused.

The Original Great American Chocolate Chip Cookie Co., Atlanta, had its best year ever in 1990, reports COO Erik Gordon. It operates well over 300 stores, about two-thirds franchised, and is continuing to grow at a rate of roughly 10% a year, Gordon says. The firm does not release specific figures.

Most units are in malls but there are also some in special purpose complexes such as "downtown urban festival projects," he adds. "We're also looking into new sites such as transportation locations." The average store measures 600 sq. ft. and sells about a dozen varieties of cookies and brownies plus beverages. New flavors are rotated in and out on a regular basis.

Original Cookie Co., Cleveland, OH, is another successful specialist. It had 250 stores at the end of 1990 and

Bakery/cafes offer sandwiches as well as rolls.

expects to open a total of at least 20 in 1991. Sales last year hit $60 million. All units are company-owned. The firm was acquired two years ago by Paris-based Midial, owner of Fanny Farmer.

Original Cookie units typically offer about 18 varieties at a time, including bite-size, old-fashioned cookies, a gourmet line, and a 13-in. personalized decorated product. It also sells brownies and a proprietary line of "Cookie Cups"—cookie shells baked in muffin tins with fruit or icing fillings.

Virtually all stores are in malls. Original Cookie's same store sales have risen roughly 5% to 6% in each of the last two years, director of marketing Richard Dragonette notes.

"We attribute it mostly to a very practical issue, value pricing," he comments. "We've made it our business to stay below most competitors in price. We've marketed to the mainstream, and priced accordingly.

"We also offer our customers pricing options," Dragonette points out. "For instance, they can buy one old-fashioned for 70¢, two for $1.40, or three for $1.85—getting the third at half-price.

"We've always structured our pricing to be below resistance points, so consumers can consume as impulsively as possible."

TOO GOURMET? While Original Cookie aims for the mainstream, Mrs. Fields, another national competitor, may have suffered by positioning itself as a gourmet cookie store, Dragonette observes.

Chairman Randy Fields could not be reached for comment, but several industry observers say the firm may still be experiencing financial difficulties.

The Park City, UT-based company operates 473 Mrs. Fields Cookies stores, 97 La Petite Boulangeries bakery/cafes, and 22 Mrs. Fields Bakeries, which combine the two concepts. They are located in 34 states and six foreign countries. There is speculation that the company may be shifting its focus from cookies to cafe operations. Sales for Mrs. Fields Inc. totalled $122.9 million last year.

One edge bakery/cafes have over specialty snack concepts is that they can become destinations, instead of relying on passing traffic and impulse purchases. Among the most successful is Boston-based Au Bon Pain, which is growing by leaps and bounds. The company finished 1990 with 86 units and sales of $69 million. It will add 24 stores in 1991 and expects sales to reach $90 million. In 1992, the firm plans to add another 25 units, says partner Louis Kane.

About 80% of stores are company-owned, with the heaviest concentration in the Boston area. Others are located throughout New England, New York, Philadelphia, and the greater Washington, DC, area. In addition, three franchisees operate units in airports across the country, in the Chicago and Minneapolis/St. Paul markets, and in nonurban New England markets.

Only about one-fifth of Au Bon Pain stores are in shopping malls. The rest are in office buildings, mixed-use complexes, transportation centers, and other sites, including a growing number of hospitals.

Au Bon Pain prepares all dough products in a central production facility, then delivers them frozen to be baked off at the retail locations. Including rolls used to make sandwiches, these baked goods account for roughly 40% of sales. This year the menu has undergone significant expansion. "We've added more hot sandwiches, a seasonal chicken pot pie, and new muffin varieties," Kane says. "We've also introduced six new rolls."

Also new are salads, new varieties of filled croissants, more cookie varieties, and an expanded soup line. "We have so many customers who come in three to four times a week, we want to be able to offer them more variety," says Kane.

The chain is also upgrading its coffee

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Mrs. Powell's has been cited as the model for other chains.

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service through a joint operation with Boston-based Coffee Connection. "We're retro-fitting all our units to grind beans in-store and increase the variety of coffees offered. We'll also be selling coffee beans whole or ground, so when customers stop by at night they can pick up both bread and coffee to take home.

"We feel the opportunities going into the '90s are boundless," Kane adds. "Consumers who grew up in the era of fast food but want something a little better, a little healthier and fresher, come to us. The bakery/cafe is a great position to be in today."

Michael Simpson, president of Cookie Factory Bakeries, Oak Brook Terrace, IL, adds that the bakery/cafe format provides tremendous flexibility to bring in any variety of items as they become popular and to discontinue them if their popularity wanes.

Athough cookies still account for a major portion of the Cookie Factory Bakeries' business, the company added "Bakeries" to its name several years ago to signal its expanded focus, and is staking its growth on new positioning as a bakery/cafe. Three of its newer units are under the name Michel's Bakery & Cafe.

The company began broadening bakery lines several years ago and then started adding soups and sandwiches made on its own fresh-baked rolls, french bread, and croissants. About half the units now offer some cafe items and in the future virtually all new stores will, Simpson says.

The mostly franchised chain closed some units two years ago but opened three in the last year for a total of 40. It expects to add six to 10 more this fiscal year. They are located in 15 states, primarily in the Midwest.

Nearly all stores are in malls, but the company is eyeing other locations, Simpson adds, "especially for the Michel's units, which could be suitable for strip centers, office complexes, even freestanding."

Foodservice sales of baked goods were $8.7 billion.

SHIFTING AWAY. Despite these companies' rosy views, Vie de France, Vienna, VA, is shifting its emphasis away from the bakery/cafe segment to concentrate on new enterprises built around sous-vide products. The change is due largely to the acquisition of the company's wholesale division by Yamazaki Baking Co. of Japan, a $3.2 billion bakery giant. The Japanese company will continue to supply Vie de France frozen dough and other bakery products to foodservice and retail outlets in the U.S., including the now independent Vie de France restaurants.

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Dunkin' Donuts sells its branded product in c-stores and other retail outlets.

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The restaurant group had substantial losses last year, a spokesperson notes, and is in the process of closing 15 to 17 unprofitable units. Its remaining collection of about 50 full-service restaurants and Fast & Fresh cafes will continue to operate as before but there will be no new openings. Instead, Vie de France Corp. will focus on its new culinary division. This operation supplies about 120 sous-vide processed entrees, sauces, and side dishes to foodservice operators, including a half dozen Vie de France restaurants on a test basis. Future plans call for the opening of full-service restaurants and Express Cafes featuring sous-vide product—with no special emphasis on baked goods.

BAGELS. Another launching pad for a bakery-oriented cafe can be the bagel shop. Four brothers from the East discovered there were no bagels in downtown Chicago several years ago, so in 1983 they opened Jacobs Bros. Bagels, which has since turned into three "Bakery & Restaurant" operations.

Many chains prepare doughs in commissaries.

"We started with just bagels but soon added sandwiches on bagels, then soups and salads," notes Bill Jacobs. They also sell other baked goods such as scones, pecan rolls, and rugalach.

The bagels are manufactured at one facility, then sent to the others to be boiled and baked. The company also wholesales bagels. The stores have seating areas ranging from 30 to 120 seats and do a significant eat-in business. They also offer delivery and take-out of restaurant items. About 25% of sales is just take-home bagels.

Last fall, the brothers launched a new venture, Jacobs Bros. Java—Cafe & Roasting Co., located in the same office building on the opposite side of the lobby from one of its bagel stores. It features specialty coffee drinks, fresh-baked muffins, pastries and cakes, sandwiches on various breads other than bagels, and salads. The Cafe also roasts a dozen coffee varieties daily and supplies fresh ground coffee to the bagel stores.

As they expand lines to survive, some traditional retail bakeries are also moving in the direction of cafe-type operations. Zaro's Breadbasket, New York City, is an example. Once a family-owned string of neighborhood bakeries, third-generation management has turned Zaro's into a specialist in high-traffic, fast transaction operations, selling virtually every kind of bakery product as well as a range of other items including deli sandwiches, hot dogs, pizza, knishes, and frozen yogurt. In stores that carry the full line, nonbakery items contribute 60% of sales, executive vice president Stuart Zaro notes.

Cinnabon has chosen to focus on its cinnamon bun.

Zaro's is preparing to add two new units to its present 13 in New York City and Newark, NJ. In addition to high-profile sites in Manhattan's Grand Central Station, Port Authority Bus Terminal, and Penn Station, the company will soon open a second Penn Station unit and its largest store yet, a 4,000-sq.-ft. "showpiece" in Rockefeller Center. Zaro's produces all its baked goods at its 40,000-sq.-ft. Bronx, NY, plant and delivers most items unfinished to be baked off at the stores.

Zaro's has begun adding informal tables and chairs wherever stores can accommodate them. It has also

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launched a significant take-out, delivery, and office catering business from two sites. Its Rockefeller Center store will also have space dedicated to take-out.

A West Coast company provides another example of how foodservice can help turn a bakery caterpillar into a butterfly. Once a struggling operator of specialized Italian bakeries, Il Fornaio America Corp. is now a very successful combination wholesale, retail, and restaurant company, led by chairman and CEO Larry Mindel.

The San Francisco-based firm was formed in 1980 when Williams-Sonoma Inc. bought U.S. rights from the Italian Veggeti family, operator of 1,500 European Il Fornaio bakery/cafes. In seven years it expanded to 12 retail bakeries that by 1986 were losing over $2 million a year. Then the company approached Italian restaurant mogul Mindel, cofounder of Spectrum Foods and former president of Saga Corp.'s restaurant division, to step in and turn things around.

Under his direction the company sold off some retail stores, turned others into bakery/cafes, built up wholesale business, and began developing full-service Italian restaurants that feature its Italian breads and other specialties on the menu and in adjoining take-out stores. Today Il Fornaio operates three production bakeries that supply outside customers and its own six bakery/cafes, four Il Fornaio restaurants, and Etrusca restaurant, all located in or around San Francisco, Los Angeles, and San Diego. Sales for its last fiscal year ended in May approximated $30 million. The company hopes to double volume to $60 million over the next three years by expanding all three avenues.

The newest store in downtown Los Angeles features a broadened cafe menu and outdoor seating. This fall the company will open a new production bakery-retail store-restaurant complex in Irvine, CA.

The full-service restaurants serve breakfast, featuring an array of Italian pastries and toasted breads, as well as lunch and dinner menus including gourmet pizzas, pastas, and Italian entrees. Each meal begins with a basket of fresh-baked breads served with olive oil for dipping, and some selections feature baked items, such as a traditional tomato soup made with large chunks of Tuscan bread.

Hot-from-the-oven breads win over customers.

In Atlanta, the Buckhead Life Restaurant Group is acknowledging the importance of wonderful bread to a great meal with its recent opening of the Buckhead Bread Company (BBC) along with its newest restaurant, Pricci.

Buckhead president/co-owner Pano Karatassos says he wants to put Atlanta on the map along with cities like San Francisco and New York that are known for their breads. The centerpiece of the operation is a $50,000 French hearth-lined, stone-based oven. The BBC will produce signature breads for each of Buckhead Life's seven restaurants, as well as serving as a local wholesale and retail bakery.

While breads may be getting fancier, at least one restaurant group sees a trend in desserts toward more "home-style" preferences, analogous to the "comfort food" movement in other sections of the menu.

Powell of The Peasant Restaurants, who develops all desserts for the Atlanta-based group, says that at least in its operations people are less interested in "stuffy," European-style tortes and more excited about tall, gooey, American, homemade desserts.

"We use oversize pans and instead of putting whipped cream on with a pastry bag we slather it on with a spatula, so it looks like Mom made it," Powell adds.

Nearly half of all customers at its 19 casual and white tablecloth restaurants order dessert, even though entree portions are also very large. They are tempted by concoctions like apple caramel tart with crumble streusel topping and home-made ginger-caramel sauce, hummingbird cake—three layers of spicy cake studded with pineapple and bananas, with a cream cheese-pecan frosting, and all manner of rich, chocolate dessert delights. Peasant's casual diner-style operations are known for cream pies, while each white-tablecloth restaurant features its own signature dessert concoctions.

Original Cookie Co.'s Decorated Cookie line entices special-occasion sales.

"We have tried offering healthier desserts such as fresh fruit with a light, flavorful sauce, or pies that are not too sweet, but that's not what sells," he adds. RB